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## MEDIA RELEASE

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### NEWARK CITY COUNCIL CONTINUES ITS CIVIL SUIT AGAINST THE PORT AUTHORITY OF NEW YORK & NEW JERSEY

*"Bold legal action reaps millions in additional revenue for city. Continued vigilance of this warranted litigation expected to bring in hundreds of millions more."*

Newark, NJ, November 9, 2000 – A united Newark Municipal Council provided to both the public and members of the media today an invaluable update on the status of its continued litigation and arbitration against the Port Authority of New York and New Jersey. These legal proceedings were prompted because of repeated unanswered questions arising from what was considered "questionable accounting irregularities" in the Port Authority's rent calculations.

Since 1996, legal action has been directed at the Port Authority as a result of the agency's deliberate attempt to underpay the City its fair share for city-owned land on which Newark International Airport and the Seaport are situated. This property is a full one-third of the land area of the 23-square-mile city.

Illustrating the continued problem the city has with obtaining its fair share, one needs only to look back at the last three- (3) years of airport and seaport gross revenue figures versus rent payments made to the city. In 1997, the City received \$36 million dollars based on \$465 million dollars in gross revenue. In 1998, a lesser payment of only \$26 million was made based on increased gross revenues of \$502 million. And, in 1999, the year immediately following the filing of the City's lawsuit, a payment was made of \$68 million based on \$578 million dollars in gross revenues.

Since this legal action was taken, the City has expended approximately \$3 million dollars in legal fees with the firms of Weiner Lesniak and Lazar, Levin & Felix. That investment, however, has proved to be money well spent. As a direct result of the council's bold action, **THE CITY OF NEWARK HAS ALREADY RECEIVED OVER \$100 MILLION DOLLARS IN ADDITIONAL REVENUES OVER AND ABOVE THE BASE LEASE PAYMENT OF \$18 MILLION DOLLARS.** Before such legal action, the Port Authority paid precious little more than the bare minimum called for in the lease.

Speaking on behalf of his colleagues, in a formal statement Council President Donald Bradley said, *"As the city's governing body, we have neither casually nor impulsively taken this legal action as our desire has been and remains to be good neighbors, partners and landlords with the Port Authority. Yet, we have had no choice. Since our first suspicions and request for a review of their books were made known – which as a public agency they are required to provide – they have repeatedly stonewalled, blocked and in every way been uncooperative and misleading. It is only as a direct result of the legal steps taken that we've been able to uncover as much as we have."*

In addition to the \$100 million in additional revenues brought into the City's treasury, there are a number of other significant and positive achievements the City has realized through its legal action. Particularly, as a result of this litigation, **THE CITY'S ACCOUNTANTS HAVE UNCOVERED AND IDENTIFIED AN ADDITIONAL \$500 MILLION DOLLARS IN RENTS DUE.**

The City's lease agreement states the City of Newark was to be paid "all income and revenue of any nature whatsoever." Based upon this clear contract language, our auditor and accountant reviews of Port Authority documents further reveal that a **MINIMUM OF \$207 MILLION DOLLARS IS OWED AS THE CITY'S SHARE OF THE \$6 PER PERSON PASSENGER FACILITY CHARGE (PFC)** levied against every person flying out of Newark Airport. **COLLECTIVELY, THESE TWO REVENUE-GENERATORS CLEARLY SHOW NEARLY \$800 MILLION DOLLARS IS OWED AND DUE AS OF TODAY.**

Uncooperative during these legal proceedings, and in direct defiance to a court-ordered subpoena, for the better part of a year the Port Authority's accountants had refused to turn over their "work papers" to the city's accountants and attorneys. It took a recent ruling by a federal judge to get the Port Authority's accountants to comply.

A long-time leader in this fight and senior statesman for the city's legislative body, Councilman At-Large Donald Tucker remains vocal, passionate, and extremely knowledgeable about this important issue. He added, *"A 1984 amendment to our lease with the Port Authority states that a 14.5 percent general overhead charge goes to the Port Authority as an administrative expense. All other profits – of any nature whatsoever – are to go the City of Newark."*

He continued, *"Unlike the City of Elizabeth, which sold their land to the Port Authority, the City of Newark retains full ownership of its portion of the land occupied by Newark Airport and the Seaport. Further, our lease with the Port Authority is a binding contract and the language contained is quite clear with regards to gross revenue and rent payments to the City. Nonetheless, mindful of this mandate and its legal obligation, the Port Authority has purposefully and intentionally continued to disregard additional sources of revenue which are supposed to be included for the purposes of rent calculations."*

In closing, he said, "*Last year, the Port Authority brought in record revenues of over \$5,280,000,000 – that's 5 BILLION, 280 MILLION DOLLARS! We are very pleased that the Port Authority has been so successful using our land, as the entire region benefits from their facilities and services, however, this should not be at the expense of the citizens of Newark. As elected officials, our priority has been and remains to protect the interests and economic well being of every resident of this city. It would be both negligent and wrong to look the other way when monies properly owed and due the City are not paid. Moreover, it would be irresponsible of our leadership to not do everything in our power – including lawsuits – to collect every dime due our residents.*"

United in this effort, the City's legislative body remains undeterred, vigilant and constant in their commitment to this campaign to protect its citizens and ensure its unwavering mandate – that the City simply be paid its fair share. Looking ahead, relative to what has been spent, what has already been recovered, and what is projected to be recovered, the council is firmly convinced that the issues surrounding this legal action are more important now than ever and that continued action in this matter is warranted.

It remains the Council's intention and desire to keep the public updated on the progress of this critically important matter and encourage them to make their voice heard. In addition to activities like today's press conference, one of the ways we intend to keep the community abreast of this issue is by hosting a series of community meetings and forums in the various wards. Notwithstanding scheduling issues, we hope to hold the first in this series before the end of the year.

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